Planning, Designing, Siting and Financing Safe Haven Housing

PLANNING, DESIGNING, SITING AND FINANCING SAFE HAVEN HOUSING

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This chapter is intended to assist agencies and organizations seeking to plan Safe Havens with the process of thinking through the many complex issues associated with establishing a successful program. Planning a program that combines both housing and services can be overwhelmingly complex and sometimes unmanageable. By providing examples as well as ideas, this chapter intends to illustrate successful approaches to the problems associated with developing Safe Haven housing.

A review of existing Safe Havens reveals that problems associated with siting and financing the housing have caused delays in program start-up for many groups. However, the time line for program start-up can be met−or at least delays can be minimized−through careful planning and continued monitoring of the project during the early stages.

This section discusses the planning, financing and development of the "bricks and mortar" component of a Safe Haven. Because these three activities− planning, financing and developing−are linked and interrelated, they are

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best considered together.

PLANNING

One of the most important aspects of establishing a Safe Haven is its initial planning. On a macro level, the planning process begins with the development of the community's Continuum of Care. When done properly, the Continuum of Care is developed through identification and analysis of:
- the needs of the homeless population,
- the existing resources available to meet those needs, and
- the gaps in resources and services in the particular community.

The gaps are then prioritized and specific programs are designed and implemented to fill them. Questions about whether a Safe Haven is needed or feasible and how it may fit into a community's Continuum of Care are covered in detail in the previous chapter.

The same approach employed in developing the Continuum of Care should be used in planning the specific program elements, including the establishment of a Safe Haven. However, the planning required at the program development level must be much more detailed. It is an iterative process requiring continued refinement as more detailed information becomes known.

1. Identify and quantify need. The first step is to identify and quantify the needs the Safe Haven is intended to meet. What is the intended capacity of the Safe Haven? What kinds of services will the intended residents need to overcome their situations? What rate of turnover is anticipated? (The turnover rate is, at least in part, dependent upon the capacity of other aspects of the Continuum of Care, such as access to permanent supportive housing opportunities. It will also be dependent upon the nature of the anticipated future residents, their abilities and the effectiveness of the supportive services provided to them.)

2. Inventory resources. An inventory of community resources available to meet the needs of the target population is also essential in planning for a Safe Haven. This accounting should extend beyond those resources identified in the formal Continuum of Care to include resources such as existing housing stock, supportive services programs and potential partners who might help provide such things to support and supplement the efforts of the Safe Haven. Once resources have been identified, those in control of the resources must be approached and asked for commitments to the Safe Haven. The Safe Haven sponsor must also gather specific information about costs and availability of housing in the community, costs of operating the housing (for example, rent, utilities and security) and costs of the supplies needed to operate the program.

3. Prepare budgets. The next step in planning for Safe Haven housing is to use the information collected to prepare the project budgets. Under the application process required by the Department of Housing and Urban Development (HUD) for their funding of a Safe Haven, applicants must submit budgets that identify the costs of the program, the number of individuals served and so on. It is recommended that the HUD application forms be viewed as summary information. The Safe Haven sponsor should develop more detailed budgets indicating the cost of establishing and operating the program over time. Budgets should account for one-time costs as well as operating costs such as meals, transportation and furnishings.

REHABILITATED, ACQUIRED OR DEVELOPED HOUSING UNITS

If housing units are going to be rehabilitated, acquired or developed, the housing portion of the Safe Haven budget may require two different budgets. The program will need a development or capital budget and an operating budget.

The development budget identifies the costs of acquiring or producing the housing and the anticipated sources of funds to pay for it. Items such as the purchase cost of a building and the cost of any necessary building improvements should be included in this budget, along with a number of "soft" costs associated with carrying out such a project including: professional fees (architectural, legal, accounting); the cost of construction financing; zoning, building and other permits; etc. Quite often, because of the need to keep the ongoing operating costs low, the developer must utilize several sources of subsidy funding to reduce the amount of money that needs to be borrowed under a mortgage. Generally speaking, the greater the number of sources of funding, the higher the soft costs will be and the more complex and risky the project will become.

For these reasons, it is important to have access to people experienced in the development process. The operating budget for a project that is developed and owned should include detailed breakouts for expenses such as maintenance, repayment of long-term debt and property management costs. The operating budget must be balanced against the anticipated income the housing will generate (such as rent payments made by occupants, income provided by the Safe Haven and other operating subsidies, if any).

COST PREPARATIONS

The development and operating budgets are interactive. Costs incurred in developing the project will affect the income needed to support the project when it becomes operational. For example, development debt, such as a first mortgage, shows up in the operating budget as a debt service cost. In addition, many of the costs contained in the operating budget (e.g., leasing costs) will change over time, and such changes need to be accounted for during the budget preparation stage.

Program policy choices, such as whether Safe Haven residents will be asked to pay rent, are reflected in the budgets as well.[1] In general, these factors should be modeled using a variety of assumptions ranging from "best-case" to "worst-case" scenarios. This practice, sometimes called project sensitivity testing, often reveals weak points in the financial viability of the program and can be helpful in creating contingency plans for possible funding shortfalls.

As planning for a Safe Haven continues, programmatic and financial "gaps" in the resources available to the project will become more evident. Program planners must continue to refine the budgets to ensure that they will fit the needs of the community within the limits of the available resources.

DESIGN

The underlying design, philosophy and values of a Safe Haven will have a direct impact on the kind of housing the program will seek. For example, if Safe Haven designers have determined that a centralized "all under one roof" approach will be most effective in pro-

viding services to Safe Haven residents, they will need to identify a facility with adequate space. If, on the other hand, a more home-like environment with drop-in services is desirable, then the housing type and location will be very different. The local real estate or rental housing market will also have a direct impact on the types of housing that are feasible within a Safe Haven budget. These same factors will help shape the way in which the housing is financed. Thus, it is critical that Safe Haven planners work through the overall program design and program "values" before considering financing options for the Safe Haven housing.

The housing needed to operate a Safe Haven can be accessed in a number of ways. These include utilizing an existing and already owned facility, leasing existing housing units, and developing and operating new housing designed and built specifically for the needs of a Safe Haven. During the planning process, Safe Haven designers must seek to determine which approach or approaches will be most effective and most practical in their particular community. Although program planners may already own or control existing housing that is consistent with program values, this is the exception rather than the rule. For more on facility design, please see Chapter 7.

LEASING EXISTING RENTAL HOUSING

Leasing existing housing is usually the least complicated and often the least expensive approach to securing housing for a Safe Haven. Leasing offers the potential for greater flexibility and variety in housing, and if a scattered-site model is being used, leasing can lead to variety in locations as well.

When leasing is contemplated, it may have a limiting effect on the overall scale of the project, or it may limit the number of project units possible in any one location. For example, the housing stock in some communities consists largely of single-family homes and duplexes, which can potentially affect the "economy of scale" of a Safe Haven. On the other hand, this same kind of housing stock can lead to the creation of settings that are more home-like and less institutional than might be possible in higher density housing situations.

A number of precautions can be taken in a leasing situation to protect a Safe Haven. Using an attorney to assist with lease negotiations is strongly recommended.

Seeking a long-term lease or obtaining an option to purchase the property helps guard against having to move the program unexpectedly. A thorough inspection of the property by a certified building inspector is also essential. In addition, the lease should clearly identify the landlord as being responsible for maintaining all major building systems.

When negotiating for leased space, it is important to resolve all property and liability insurance questions and to make sure the landlord has the legal authority to enter into a lease with an agency or a unit of government rather than an individual. Some housing units have underlying financing that may prohibit such arrangements.

Legal advice and adequate time are essential to successful negotiation of a lease between a landlord and a Safe Haven operator. All potential problems associated with such a lease must be resolved before the lease is signed.

DEVELOPING AND OWNING HOUSING

If the type or location of housing the Safe Haven needs is not available through leasing, developing housing may be preferable or even necessary. Housing development is complex, risky and time consuming. It requires specialized training and established working relationships with a variety of actors and agencies. Thus, Safe Haven operators should examine all possible alternatives carefully before taking on the task of developing and managing the housing themselves.

Information about community housing costs and vacancy rates, which should have been compiled during the planning phase, can help program planners determine whether development of housing is advisable.

Because the development (or redevelopment) of housing specifically for a Safe Haven requires such a significant investment of both time and capital, it should only be undertaken within the context of long-term community and human service systems planning. Developing housing for a Safe Haven is advisable if the community demonstrates the willingness to make a long-term investment in the "institutional infrastructure" needed to sustain operation of the Safe Haven over time.

Once the decision to develop the housing has been made, program operators must examine the various ways of making the project happen. One way is to collaborate with an existing housing development organization for production of the housing units. Some such collaborations are done on a "turnkey" basis, with the developer owning the housing during construction and transferring the title to the Safe Haven upon completion. In other cases, the Safe Haven program may own the housing throughout the development process, but contract with a developer for construction and possibly management of the completed units. It is also possible for the developer to retain ownership and management of the completed housing units, leasing them to the Safe Haven. This last arrangement is helpful because it separates the roles of land-

LEASES AND SAFE HAVENS

The Milwaukee County Safe Haven is one example of a Safe Haven that leases property. The Milwaukee County program chose to lease existing units for several reasons. First, the Milwaukee County Mental Health Division, which sponsored the Safe Haven, had a goal of providing highly integrated housing settings for the Safe Haven residents. Input from mental health consumers indicated that home-like settings in a variety of locations (e.g., north side and south side) would be most comfortable for potential residents from those neighborhoods. In addition, the housing stock in Milwaukee County consists primarily of duplexes, which meshed well with the scattered-site, low-density model envisioned by Safe Haven planners. To implement its program, Milwaukee County approached nonprofit neighborhood organizations who owned and operated affordable rental housing and negotiated leases in four locations that provided the desired settings while also keeping within the program budget.

lord and service provider, reducing the conflicts of interest that might otherwise occur.

Collaborating with an existing development organization can often "leverage" additional resources (for example, grants, subsidies, debt financing and equity) that may not be available to the Safe Haven operators on their own. With these additional resources, more Safe Haven grant funds can be used to serve additional residents or broaden the scope of services available.

SUPPORTIVE HOUSING PROGRAM

Ultimately, whether Safe Haven housing is leased or owned by the Safe Haven operators, paying for the housing with HUD Supportive Housing Program (SHP) funding requires planning the program to be in compliance with the SHP's regulations. For leased housing, SHP provides a three-year commitment for housing costs with the possibility of renewal grants. Safe Haven planners need to project future sources of operating funding to pay housing costs beyond this three-year commitment.

HUD requires a 20-year use restriction on housing purchased and/or developed for the Safe Haven that often requires a long-term commitment of the Safe Haven operators to the operating budget of the facility itself. Projects that cannot demonstrate long-term solvency are not viewed favorably by most funding sources. A successful track record and evidence of diversified funding for the program will mitigate this situation.

FINANCING

The expense of developing an intensive 24-hour residential service program could be a deterrent to the development of Safe Havens in some communities. However, the development of a Safe Haven can be more feasible and cost-effective if sponsors can successfully combine HUD SHP funds with other networks and resources for funding key housing and service components.

Up to $400,000 in HUD SHP funding is potentially available for acquisition, rehabilitation or new construction, but a cash match from the applicant is also required. This cash match can be financed; however,

debt service cannot be paid out of SHP operating funds. A portion of the operating costs and the cost of supportive services can also be covered by SHP funds. To complete the funding package, leveraged resources can be provided from both within the existing Continuum of Care system, as well as from "mainstream" housing and supportive service programs.

Leveraging other resources and funding networks is critically important for Safe Haven sponsors because:

- Cash resources are essential to meet SHP match requirements if acquisition, rehabilitation or new construction activities are planned.

- Funding for the Safe Haven provided by the mainstream public mental health funding network is concrete evidence of "buy in" by officials who make policy for the system and control the purse strings. This "buy in" will be important for the long-term viability of the Safe Haven as a component of the mental health service system.

- Many hard to reach homeless persons with a mental illness will also have other co-occurring disabilities such as substance abuse, AIDS, or other physical disabilities. Supportive services for these disabilities may be difficult to access for a treatment-resistant homeless population with intensive service needs, but could be essential for a Safe Haven resident.

- Resources leveraged from other homeless programs -- such as outreach services, social and recreational services, meals programs, and housing -- can promote collaboration across the Continuum of Care system and avoid unnecessary duplication of effort.

- Connections to other community resources, such as those targeted for employment, public service, and the media, can build and maintain public support for the Safe Haven as a valued community program.

Most communities that may need a Safe Haven have existing federal, state, local, and private resources for housing and supportive services that can be used in conjunction with HUD SHP funds. Identifying and aggregating these "leveraged" resources into a seam-

less system that meets the needs of Safe Haven residents begins during the project's conceptualization stages and becomes an ongoing part of operations. Several sources for potential funds can be approached in an effort to secure the capital match funds required by SHP. For example, Safe Haven sponsors in Houston and Boston received commitments of Community Development Block Grant funds administered by local government. Emergency Shelter Grant funds provided capital match for the Honolulu Safe Haven. In Ohio, the Ohio Department of Mental Health capital bond program ensured that matching funds were available for two Safe Havens in Cleveland and Columbus. The Lowell, Massachusetts, Safe Haven operates in a building that was already owned by the mental health system. Other possible sources of SHP matching funds are HUD's HOME program, state or local capital funding programs for transitional housing, and private fund raising.

Safe Haven sponsors should also seek private support for their programs whenever possible. Private resources from foundations, the business community, local churches, and individual donors provide critical financial and community support, particularly during project development. This type of support can help convince local officials or neighborhood groups to lend their support for the project and help to address NIMBY problems if they occur.

The Safe Haven in Lowell, Massachusetts, has opened up a network to the community by operating a bakery within a local indoor farmer's market. Safe Haven residents can take advantage of the program to learn valuable job skills and to re-engage in community activities. Twice a week, Safe Haven residents also set up shop to sell the bakery's goods in several of Lowell's elderly housing buildings, which has helped the Safe Haven residents to reconnect and give something back to the community. The Lowell program has also been promoted on the local cable television access channel.

The Houston Safe Haven is exploring an affiliation with the University of Texas's Houston Recovery Campus, an innovative program being developed for people recovering from substance abuse. In Boston, Safe Haven residents will have some meals regularly provided by members of the Newbury Street Church where the program will be sited. Other Safe Haven sponsors are also actively exploring ways in which church groups can help with fund raising and provide regular volunteer services that can augment core supportive services funded by the Supportive Housing Program.

DEVELOPMENT

Assembling a competent development team is critical to ensuring that a Safe Haven development project is feasible and proceeds on time. Some Safe Haven planners have all the technical expertise needed for housing development under one roof, but most need to locate community partners experienced in housing development and management to serve on the development team. Team members are likely to be found in nonprofit housing organizations, housing authorities, private development firms and local property management companies. Partners experienced in designing and providing supportive, community-based services may also be needed. Examples of such partners could include other homeless service providers, community mental health agencies and consumer groups. Consumers should be an integral part of the team. Infor-

ESTABLISHING A DEVELOPMENT TEAM

The Milwaukee Safe Haven program established a diverse development team with the following membership and responsibilities.

1. Representatives of the mental health system coordinated the design and implementation of services with direct input from mental health consumers who had previously experienced homelessness.

2. Representatives of the public housing authority provided overall coordination and acted as fiscal agents.

3. The Wisconsin Partnership for Housing Development, a nonprofit intermediary organization, provided technical assistance for both service system design and identification and leasing of housing for the Safe Haven.

4. Nonprofit housing organizations developed the housing units and leased them to the Safe Haven.

mation gathered from consumers through surveys and focus groups should also be used during the planning process.

Working with a skilled development team allows Safe Haven operators to concentrate on the things they do best–designing and delivering quality services. While establishing a good development team may seem overly complex, the effort will pay off in the creation of higher quality and more cost-effective programs.

Utilizing a development team effectively requires skillful coordination, especially during the start-up phase of the program. To ensure coordination, it is important to identify a skilled project manager who is experienced in managing complex projects involving multiple actors. The project manager must clearly understand the goals and underlying values of the project and must be given the authority to take the steps necessary to keep the project on track.

It is often beneficial for Safe Haven planners to obtain technical assistance in assembling a project development team with the necessary expertise in affordable housing development and management and the capacity to develop and manage Safe Haven housing as well. Local, state, regional and national agencies involved in supporting nonprofit housing development are possible sources of such assistance. The cost of their services can frequently be covered under contracts they hold with HUD or other funding sources.

CHOOSING A SAFE HAVEN LOCATION

Determining the optimal location for a Safe Haven can be difficult. Several important siting considerations are outlined below:

- *The housing used for the Safe Haven should strive to fit within the context of the community.* Safe Haven housing must be acceptable to both the future residents and the surrounding community. Information gained in consumer surveys and focus groups should be applied to siting decisions. In addition, Safe Haven housing should physically match the housing type and scale of the surrounding neighborhood. This consideration is especially important in new construction or substantial rehabilitation projects.

- *Location directly affects costs and choices*

may be limited by the budget. The ideal housing location may simply be out of reach of the Safe Haven budget. Knowing the local real estate market and working with a real estate professional who understands and supports program objectives can simplify the search for potential sites. Local public agencies such as the community planning and development department or the public housing authority may also be helpful in siting the Safe Haven.

- *Site must fit the local planning framework and zoning requirements.* Safe Haven planners should work with local zoning and community-planning officials to ensure that the planned Safe Haven fits within the planned development and zoning parameters for the area. Securing the support of local elected officials and agency administrators early in the process is essential to keeping the Safe Haven development on schedule. Safe Haven planners may need the assistance of someone familiar with local officials and political processes to help develop the necessary working relationships.

- *Access to supportive services, community services and transportation must be considered.* Safe Haven residents generally need ready access to community services such as shopping, transportation and health care. A working knowledge of the neighborhoods in the community is essential to identifying locations that can support the needs of a Safe Haven.

- *Location should strive to meet the needs of a potentially diverse population of residents.* Depending on the scale of the program, Safe Haven housing should strive to meet the needs and preferences of many different individuals. This may mean that multiple sites in a variety of settings will be needed to allow consumers to make the choices that will meet their needs.

STRUCTURE AND SPACE CONSIDERATIONS

Potential Safe Haven operators often wonder whether their existing space or other readily accessible space can meet the objectives of the Safe Haven in addition to meeting other organizational objectives. The comments below may

help such agencies determine whether the locations being considered truly offer effective solutions to the space needs of the Safe Haven housing.

The importance of designing Safe Haven housing and program components around the people the Safe Haven intends to serve cannot be overstated. Agencies are often tempted to design Safe Haven housing arrangements around their existing facilities, disregarding or skipping entirely the planning and information gathering steps and proceeding directly to the bricks and mortar development. Short-circuiting the planning process in this way is dangerous and can result in the creation of a Safe Haven that does not meet the needs of the consumers.

Although it takes more time, evaluating any proposed Safe Haven site in terms of the market information gathered during the consumer housing preference study is essential. Safe Haven planners must continually ask themselves: "Does this proposed location meet the defined needs of its future occupants as identified in our market surveys?" Only sites that yield a positive answer to that question are likely to meet the needs of the program over time.

Using an existing structure versus a new structure. Existing structures are frequently more cost-effective and easier to develop, and they tend to be located closer to essential services. They can often be brought on line more quickly as well. But existing structures are limited by their current configurations; they may not be easily conformed to the housing design considered most desirable for the Safe Haven.

New construction or substantial rehabilitation are often more expensive initially. They also require more planning time and involve higher risk. But new or substantially rehabilitated space can be designed from the ground up to include all of the features desired in a Safe Haven such as better security, a compatible floor plan, higher energy efficiency and greater comfort. On the other hand, new construction and substantial rehabilitation usually involve purchase of the property, which limits the number of sites available and makes future relocation less feasible.

NOTE:

[1]The issue of charging rent can raise complex legal and administrative questions related to real estate law and benefit eligibility. Paying rent is not possible for most people who initially move into a Safe Haven. However, over the course of several months new residents may be assisted in becoming eligible for income, such as SSI. Qualified legal assistance should be utilized in making such program design decisions.

Sharing space with another program and/or using the Safe Haven as a drop-in center. From a planning, design and siting perspective, having a Safe Haven share space with other programs can add complexity to the site identification process. Zoning and licensing issues may be more complicated as well.

The easiest, and perhaps best, shared facility situation might be to combine a Safe Haven with a related service, such as an emergency shelter, but this will work only if the resulting Safe Haven housing meets the needs of the consumers who will live in it. A clear

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distinction needs to be drawn between the Safe Haven and the emergency shelter. The potential Safe Haven residents are likely to be people who have rejected the emergency shelter as an option.

Using the Safe Haven site as a drop-in center for homeless people can help to create outreach and engagement opportunities, but may also result in a more disruptive setting for the residents of the Safe Haven. Adding the drop-in feature may limit the number of potential sites, increase neighborhood opposition and increase security and staffing needs as well. (Please refer to Chapter 6, pages 66-67, for more ideas on building designs)

Properly conceptualized and implemented, the Safe Haven can provide local Continuum of Care systems with an effective approach to engage and serve a difficult to reach homeless subpopulation. By offering a refuge from the streets, a low-demand approach, and appropriate services and supports that are readily available, Safe Havens can make a meaningful contribution in eliminating homelessness among people with a mental illness. A Safe Haven is more than a place, however; it is a "metaphor" for community support systems. As such, the public mental health system and other housing and service providers within the Continuum of Care system will have much to learn from the implementation of Safe Havens.